WOULD END STOCK CONTROL

Continued from First Page.

excess goes to the Equitable society and one-half to the Safe Deposit Company, until such one-half, together with the \$100, amounts to \$20,000, which is the maximum rent which the Equitable society can receive, and all excess above that goes to the safe deposit company. Let it be understood that the society receives nothing under this lease except \$100 a year until after the safe deposit company has received \$20,000 per annum above all expenses, while the society keeps up all additions and improvements at its own expense. Thereafter and on Dec. 20, 1894, the Equitable society leased to this safe deposit company two additional rooms without any additional rent. additional rent.

any additional rent.

"From 1886 to 1904 inclusive the society received the total rental of \$3,900, while from the 18th day of February, 1891, to the 9th day of May, 1905, inclusive it paid out on account of alterations, additions, repairs, Ac., for these premises occupied by this safe deposit company the sum of \$33,131.40, and in addition thereto, during the whole term of the lease, the society incurred the expense of heat, light, water, janitors, watchmen, elevators and cleaning. The amount realized by that company from this transaction in the lease, the society incurred the expense of heat, light, water, janitors, watchmen, elevators and cleaning. The amount expended by the society on these leased premises prior to Feb. 18, 1901, does not appear. The society has realized only 1.88 per cent. on its valuation of this building (much less than the investment), while the tenant had its premises practically rent free, and received very large profits from the time of its organization until the stock of the Missouri Safe Deposit Company was sold to the society in the year 1902. * * *

"The leases by the Equitable Trust Company at \$12,000 a year and a stockholder in the sum of \$300,000, par value, and he is low to solder in the sum of \$300,000, par value, and it is only fair to say also that James H. Hyde is an officer of the Commercial Trust Company at \$25,000 a year and a stockholder in the sum of \$300,000, par value, and he is low to expendent of the Commercial Trust Company at \$12,000 a year and a stockholder in the sum of \$300,000, par value, and let in the sum of \$300,000, par value, and it is low to say also that James H. Hyde is an officer of the Commercial Trust Company at \$25,000 a year and a stockholder in the sum of \$300,000, par value, and let in the sum of \$300,000, par value, and let in the sum of \$300,000, par value, and let in the sum of \$300,000, par value, and let in the sum of \$300,000, par value, and let in the sum of \$300,000, par value, and let in the sum of \$300,000, par value, and let in the sum of \$300,000, par value, and let in the sum of \$300,000, par value, and let in the sum of \$300,000, par value, and let in the sum of \$300,000, par value, and let in the sum of \$300,000, par value, and let in the sum of \$300,000, par value, and let in the sum of \$300,000, par value, and let in the sum of \$300,000, par value, and let in the sum of \$300,000, par value, and let in the sum of \$300,000, par value, and let in the sum of \$300,000, par value, and let in the sum of \$300,000, par valu

"The leases by the Equitable society to these three safe deposit companies are very much alike. They all contain provisions with reference to arbitration in case of a disagreement between the parties as to the expeditures of the lessee. Three arbitrators are to be chosen, one by the lessee, one by the lesser and the third by the two so chosen, and the decision of such arbitrators shall be final and conclusive upon the parties. When it is clearly understood that the gentlemen who caused the society to make these long leases at great loss to the society are the same men who reap the profits from the leases it is manifest that if ever an arbitration question should come up as a matter of form, the society's interests would not be looked after. That is all that need be said.

these leases are all so one sided, unfair "These leases are all so one sided, untair and unjust to the society that it is practically impossible to convey a clear idea of all their provisions by any extract which may be made; for it is difficult to believe that trustees of a sacred trust would make such contracts against the welfare of the society and in their own interests."

THOSE WHO PROFITED. But who, Supt. Hendricks asks, were the gentlemen who realized these profits? The Miscouri Safe Deposit Company was capitalized at \$200,000, consisting of 2,000 shares of \$100 each, and the following is a list of the original subscribers to the stock;

Of these William Alexander was secretary of the Equitable and Louis Fitzgerald a director. Speaking of Mr. Fitzgerald and his 1,745 shares, the report says. This gentleman was the intimate friend of the late Henry B. Hyde and for many years was chairman of the executive and finance committees of the Equitable society. We have sent for Mr. Fitzgerald to tell us who the real owner of this stock was, but he has not appeared. It may be assumed that most of it was owned by Henry B. Hyde himself, for while he favored his intimate friends on the inside at the expense of the society, he kept the lion's share himself."

HYDE'S PROPIT ON THIS STOCK

Mr. Hendricks says that President James W. Alexander and other officers who appeared before him explained that in the year 1902 the society was negotiating the sale of the St. Louis building, but that the could not take it on ac count of this long and onesided lease. It was on this account deemed wise on the part of the society to purchase all the stock of the company. It was therefore agreed to pay the stockholders \$250 per share. to pay the stockholders 250 per cent. All of the stock was paying 10 per cent. All of the stock was bought in at that figure. James H. Hyde was the owner of a large majority, for on June 2, 1902, he sold to the society 1,410 shares at \$250 a share and received in cash \$352,500.

Mr. Alexander, the report says, declares that he gigned these safe deposit company.

that he signed these safe deposit company leases under the direction of Henry B. Hyde. "I believe that to be the fact," Mr. Hen-dricks adds, "and it is the most charitable construction which can be placed upon his

Supt. Hendricks then takes up the relation of the Equitable Life with its subsidiary trust companies. Many years ago, he says, the custom or practise began of making advances by the society to its agents. About year 1893 the total of these advances was large and appeared as an asset in the annual report of the society, but was not admitted as an asset by the State Insurance

Department.
"It therefore occurred to Henry B. Hyde to get a financial institution which would answer a double purpose, and the Com-mercia! Trust Company of Philadelphia was either organized or purchased. Since that time, annually, large sums of agents' advances have been assigned to this trust company. Credit has been given the Equitable society in the trust company's hooks, as so much cash deposited, and has been admitted as an asset by the Insurance Department. The other purpose which it serves is to make a profit for the trust company, in which many Equitable officers and directors are interested as stockholders, and at the loss of the Equitable Society. On the twelfth day of December, 1904, the Equitable Society assigned to the Commercial Trust Company agents' balances to the amount of \$1,273,249.45 by an assignment, and agreement. This instrument ment and agreement. This instrument, on its face, is an absolute assignment of all claims which go to make up the total.

On the same date the report shows the Equitable Life transferred to the Equitable Trust Company another schedule of agents' balances amounting to \$1,539,935.42. officer of the trust company stated under oath to Supt. Hendricks that the assign-ment and agreement together with the schedule was the only paper delivered by the society to the trust company; that none of the notes or other evidences of debt held by the society against the agents were delivered with the assignment: that the trust company simply took this instru-ment and entered it on its books as a

loan to the Equitable society.

HOW \$130,000 IN INTEREST WAS LOST. "These trust companies run no risk, and they have no trouble or expense in connection with the same. They simply enter the total amounts in their books as loans to the Equitable society, on which they get 5 per cent., and the Commercial Trust Company pays the Equitable society 3 per cent. on its deposits and the Equitable Trust Company only pays 2 per cent. on its deposits. If the Equitable society had not made these assignment its total assets would appear to be \$5,813,184.87 less. If it had retained these accounts it would have saved in the transaction with the Company 2 per cent. have saved in the transaction with the Commercial Trust Company 2 per cent. on \$4,273,249.45, or \$85,464.98, and it would have saved in the transaction with the Equitable Trust Company 3 per cent. on \$1,539,935.42; or \$46,198.06. No reason appears why it should not have done so, for its bank cash deposits for a long time hack have averaged between twenty and

back have averaged between twenty and thirty millions of dollars. "It is only fair to say, however; that the ruis only lair to say, however; that the equitable society is a stockholder in the Commercial Trust Company in the sum of about \$347,500, par value; and gets its share of the profits in the form of dividends. It is also a stockholder in the Equitable

Trust Company in the sum of about \$1,300,000



Trade supplied by Chatland & Lenhart, Browns ville, Pa.

THE PURCHASE OF THE EQUITABLE TRUST CO.
Supt. Hendricks reviews the history of the organization and development of the Equitable Trust Company. It began as the American Deposit and Loan Company, organized for the purpose of lending money to policyholders on Equitable policies. Stockholders on Jan. 7, 1902, were for the most part directors of the Equitable Society, many of them members of the executive committee. The society itself was credited with owning 2,335 shares of the stock. James H. Hyde had 300 and other members of the Hyde family had holdings.

holdings.
On Jan. 7, 1902, an increase of its capital stock from \$500,000 to \$1,000,000 was authorized. The book value at the time was \$150 per share. It was to be paid for at \$150 per share, and each stockholder of record was entitled to subscribe for one additional share for each share of his holdings.

HYDE TOOK STOCK ALLOTTED TO SOCIETY. "It should be noted that the Equitable sciety, which was entitled to take 2,335 society, which was entitled to take 2,333 shares on this increase, elected to take only 685 shares, making its holdings 3,000 shares. The 1,670 shares allotted to the Equitable society which it did not take were distributed as follows:

"The privilege of subscribing to this increase proved to be very valuable. Mr. Hyde in his evidence explains, when asked why the Equitable society did not exercise this privilege, that he, as chairman of the executive and finance committees, and the other members of these committees thought it unwise for the society to take in at \$150 a share its full allotment of stock. Nevertheless, on his own personal account and for his mother and for himself and W. H.

his mother and for himself and W. H. McIntyre as trustees, he was willing to assume the risk."

The next step in the development of the Equitable Trust was an act of the Legislature passed on April 2, 1902, changing the name of the corporation. In January, 1908, its capital stock was again increased from \$1.000.000 to \$3.000.000, the additional increase to be paid for at \$500 per share. The list of stockholders and the number of shares owned on Jan. 27, the day before the increase, and also the list as of Jan. 28, 1903, the day immediately after the increase, follows:

List of Stockholders of Date Jan. 27, 1993

James W. Alexander, 350: William Alexander, 75:
Alexander & Coiby, 280; H. M. Alexander, 10; C. B.
Alexander, 150; C. F. Adams, 2a; 10; A. L. Amendt,
25; W. H. Baidwin, Jr., 10; W. B. Biremner, 10; WillHam T. Cornell, 100; W. N. Coler, 75; E. W. Cozgesnall, 100; Bainbildge Colby, 10; W. H. Crocker, 10;
T. De Wit Cuyler, 150; H. C. Denning, 100; Chauncey
M. Depew, 300; Robert E. Dowling, 100; John F.
Dryden, 100; Equitable Life Assurance Society,
1805; Camille Euward, 5; Albert Fiake, 100; Louis
Flizgerald, 350; Henry C. Frick, 105; L. L. Gilleaple,
25; Estate of M. Hartley, 375; G. D. Hartley, 150;
E. H. Harriman, 260; J. M. Hall, 10; George W.
Hebard, 50; T. H. Hubbard, 100; James H. Hyde,
1,117; Annie F. Hyde, 175; S. M. Imman, 10; George
W. Jenkins, 150; Morris K. Jesup, 150; Thomas D.
Jordan, 150; Bradish Johnson, 100; Otto H. Kahn, 10;
Kuhn, Loeb & Co., 200; Clarence H. Mackay, 10;
Mercantile Trust Company, 300; M. B. Metcalf, 78;
F. J. Middlebrook, 10; D. H. Moffat, 10; M. Murray,
20; U. H. McCarter, 50; W. H. McIntyre, 200; S. S.
McCurdy, S. A. S. Oens, 50; F. M. Pendreigh, 10;
Sidney Dillon Ripley, 235; J. Henry Smith, 100;
Melville E. Stone, 40; George H. Squire, 200; V. P.
Snyder, 100; Gage E. Tarbell, 200; William C. Van
Horne, 10; C. F. Williamson, 20; H. R. Whuthrop, 100;
George F. Wilson, 150.

List of Stockholders as of Jan. 28, 1903.

List of Stockholders as of Jan. 28, 1903.

James W. Alexander, 638, William Alexander, 285, C. B. Alexander, 188; C. F. Adams, 26, 110; A. L. Amendt, 32; J. C. Armour, 100; W. H. Baldwin, Jr. 110; T. C. E. Blanchard, 20; Fred C. Blanchard, 20; W. B. Bremner, 20; J. W. Castles, 50; William T. Cornell, 125; W. N. Coler, Jr., 225, E. W. Coggeshall, 125; Balnbridge Colby, 85; W. H. Crocker, 110; F. R. Coudert, Jr., 100; T. DeWitt Cuyler, 187; H. C. Deming, 125; Chauncey M. Depew, 373; Robert E. 10wiling, 200; John F. Dryden, 250; F. P. Dryden, 250; T. P. Dryden,

COST OF THE DEAL OF THE EQUITABLE.

The report then says:
"It will be noted that the Equitable society is now the owner of 13,168 shares, an increase of 10,563 shares over its holdings increase of 10,563 shares over its holdings on the 27th day of January, 1903, paid for at \$500 per share, an investment of \$5,281,500. Mr. Krech, in his testimony, states that the book value of the trust company stock after this increase was paid in was \$383 1-3 per share. In other words, the stock that was paid for at \$500 per share has now a book value of \$383 1-3 per share, a loss to the society of \$116 2-8 per share, and the stockholders who took the stock at \$150 had the book value of their stock increased to \$383 1-8 a profit of \$233 1-3 per share. had the book value of their stock increased to \$383 1-3, a profit of \$233 1-3 per share, a very handsome showing to the gentlemen who took the stock alloted to the Equitable society, and the shareholders of Jan. 27, 1903, before the increase, and a very large loss to the society by reason of the determination of the executive committee that it was unwise for the Equitable to take the stock allotted to it. Since this reorganization the Equitable society has kept on deposit with the trust company an average of about \$10,000,000 at the low rate of 2 per cent. per annum.

"The simple statement of the above transaction directed by the officers of the Equitable society and approved by their executive committee demonstrates that they were not solicitous for the society's welfare, but active in promoting their own private interests." private interests."

THE WESTERN NATIONAL BANK MERGER. Supt. Hendricks goes into the merger of the Western National Bank of the City of New York with the National Bank of the United States in New York, under the name of the Western National Bank of the United States, which was afterward merged into the National Bank of Commerce. The re-

"It appears that the board of directors the Equitable society accepted the conditions for this merger, which in substance were to deliver to each stockholder for every. \$100, par value of stock, \$70 in cash and \$140 at par in the consolidated bank, or to pay each stockholder who did not come into the consolidation for each \$100 in stock \$600 in cash. The Equitable society, through its execu-

"Mr. Snyder was asked what the Equitable society really gained by the merger and he answered 'Nothing but promises and prospects,' which I conclude did not materialize, as he afterward stated that the present book value of the National Bank of Commerce stock was between 145 and 150. The merger and the organization of this great bank seem to have been effected to gratify the ambition of the officers of the Equitable society without regard to the financial interests of the society and its policyholders." AND THERE ARE OTHER COMPANIES.

The report continues:

"This is a brief statement of a few of the transactions between the Equitable society and seven of the ten corporations which are advertised as affiliated companies. Time has not permitted even a partial investigation of its business relations with the other three, viz.: The Lawyers' Mortgage Insurance, and the Franklin National Bank. But the facts here stated disclose a very decided tendency on the part of some of the directors and officers of the society to sacrifice its interests in order that they may reap the profits through the media of these corporations. The opportunity was there, as well as the disorder that they may reap the profits through the media of these corporations. The opportunity was there, as well as the dis-position, and it would require a much more thorough investigation than I have been able to make to determine the full amount of the loss that the society has suffered at their hands."

THE "HYDE AND ASSOCIATES" PROFITS. THE "HYDE AND ASSOCIATES" PROFITS.

Mr. Hendricks says of the syndicate transactions conducted by James H. Hyde and associates that they have been so well advertised through the press that they have become "notorious." He then takes up in order the seven transactions of the syndicates in which securities were sold to the Equitable society. These transactions were explained in detail in the Frick committee report. In summing up the transactions the Superintendent says:

"By simple addition it appears that the gentlemen and corporations associated in these transactions made the following profits:

James H. Hyde.

\$88.781.32

James H. Hyde.

James W. Alexander.

George H. Squire.

William H. McIntyre. William H. McIntyre.
H. C. Deming.
Valentine P. Snyder
Alvin W. Krech.
Louis Pitzgerald
The Equitable Trust Co
The Western National Bank
The Commercial Trust Co of Philadelphia
Franklin National Bank
Mercantile Trust Co \$186,107.14

"The corporations mentioned were taken "The corporations mentioned were taken in and given a small participation because they were 'affiliated' with the Equitable society, and the other associates were interested in their dividends. All of these gentlemen who divided these profits were directors of the society and six of them members of the executive and finance members of the executive and manner committees. As syndicators they took these several allotments of securities and as directors of the society they caused it to purchase of Kuhn. Loeb & Co. substantially the same amounts which were allotted to them.

To illustrate: On June 11, 1902, Kuhn. Loeb & Co. allotted to James H. Hyde and Associates a participation of \$1,000,000 in the Metropolitan Street Railway 4 percent bond syndicate at 94, and one week

cent. bond syndicate at 94, and one week thereafter the Equitable society bought the same amount at about 97. This participation was allotted to these men because it was known they could dispose of them, and when they accepted the participation they knew where they could sell them. Why should the officers of the society make this 3 per cent. profit?

ALL SHOULD MAKE RESTITUTION. "Mr. Hyde and associates raise the point that the society did not lose by the purchase of these bonds, but that is no excuse for them. If the market went down the society would have lost and if it went up the society should get the profit. They were trustees. Their first obligation was to the trust estate which they represented. They should not be permitted to make money for themselves at the loss or even at the risk of the society. The profits which they and each of them realized belong to the society. All these men should be compelled to pay back to the society these several amounts with interest. And the Mr. Hyde and associates raise the point eral amounts with interest. And the affiliated companies should also pay to the society the several amounts received by them less any portions thereof which the society has received in the form of div-idends.

"This question was put to Mr. Alexander on the witness stand. Were you in the syndicate?" And he answered: Mr. Hyde managed these matters on his own voluntary part and put me down for a share. When the matter came complete I turned what I made over to the cashier. Whether there is any legal question about it or not, it seemed to me a questionable thing for an officer to participate in a synthing for an officer to participate in a syndicate that was making money by selling bonds concurrently to the company. He further explains that he did not know at the time that the Equirable society was buying any portion of the bonds or securitiet in which James H. Hyde and Associates were allotted participation, and he claims he was conscious of no wrong or a violation of his duty as an officer of the society. Mr. Hyde insists that Mr. Alexander was aware of the transactions which were being aware of the transactions which were being and knew from what source the

profits came.
"Mr. McIntyre, who was a very candid
"Mr. facts fully and exact witness, stated all the facts fully and completely. He has not returned any part of his profit, but makes the argument that since he was not at that time a member of the executive or finance commit-tees he is entirely blameless, and that his part in the transaction was entirely honorable and legitimate. His comprehension as to the duties of a director toward his trust estate is not surprising, for he was reared in the society since the age of 14, and under the immediate tutelage of the late Henry B. Hyde."

BOUGHT HIGH, SOLD LOW.
Under the heading "Other Stock Transactions," Mr. Hendricks says that the schedule prepared and verified by the financial secre-tary of the society of purchases and sales of the stock of the Mercantile Trust Company and of the Equitable Trust Company dis-close some "peculiar and unusual business transactions." During the years 1903 and 1904, he says, it appears from this schedule that the Equitable society was a frequent purchaser of the stock of the Equitable Trust Company at from \$640 to \$750 a share, and in the same period of time it was disand in the same period of time it was dis posing of these securities to various in dividuals at about \$500 a share.

The Equitable Life was a purchaser of the stock of the Mercantile Trust Company at \$800 a share as early as 1900, and in the years 1904 and 1905 it had been a frequent purchaser of that stock at about \$1,000 a share. In the record of sales in 1900, on Jan. 4 is a sale of 100 shares to George J. Gould at \$500 a share and upon the same down. Gould at \$500 a share, and upon the same day 50 shares to Mr. Frick at \$850 a share, and on Dec. 20, 1901, 100 shares to M. L. Schiff at \$900 a share and on Jan. 3, 1902-fourteen days later-100 shares to E. H. Harriman at \$500 a share. These purchases and sales, it appears from the record, were nearly all approved by the finance committee of the

Supt. Hendricks calls attention to anther transaction, this one with Kuhn, Loeb Co. Of this transaction the report says: Co. Of this transaction the report says. "There is one transaction covering the sal "There is one transaction covering the sale of securities which I call attention to. On November 18, 1904, the Equitable society resold to Kuhn, Loeb & Co. \$1,123,308, par value, of the first issue of Japanese bonds at 91% flat. With the interest which had accrued on them at that tine it was practically 91 net. These bonds were purchased from Kuhn, Loeb & Co. May 25 and June 30, 1904, at 93% and interest, a loss in the sale to the Equitable society of 2½ per cent.; amounting in the aggregate to \$28,082.70. If they had been held they could have been sold at a very much higher figure.

"When the inquiry was made of Mr. Schiff as to the reason for this sale of bonds, he stated that possibly the society was preparing to purchase the second issue of Japanese the se

stated that possibly the society was preparing to purchase the second issue of Japanese bonds, which I find was correct, for on Dec. 5, 1904, the Equitable society purchased \$1,600,000 par value of the second issue of Japanese bonds, and the total profit realized by James H. Hyde and Associates in this transaction was \$68,815.13, not a very advantageous transaction for the Equitable society, but a very profitable one to the James H. Hyde and Associates syndicate."

THE GROWTH OF THE SALARY LIST.

was a participant in them and accepted his share of the profits. He executed the leases

TWO YEARS INGREASES IN EQUITABLE SALARIES. G. P. Tirbell, 2d Vice President.
G. T. Wilson, 31 Vice President.
W. H. McIntyre, 4th Vice President.
W. Alexauder, Scoretary.
H. R. Wini rop. Assistant Secretary.
J. G. Van Cire, Accusary.
T. D. Jorlan, Comparoller.
S. D. Hipley, Treasurer.
W. D. drein fer, Assistant Treasurer. 17.590 25,000 12,500 F. W. Jackson, Auditor..... 10,000 10,000 March 22. 7,500 6,000 6,000

The increase in the Hyde and Alexander salaries was decided upon by a special committee composed of Chauncey M. Depew and V. P. Snyder. The report

goes on:
"Mr. Sayder says all he remembers of the transaction is that one day when the members of the executive committee were at lunch in the society's dining room Senator bers of the executive committee were at lunch in the society's dining room Senator Depew placed a paper before him and asked him to sign it, and he did, and that he thought it recommended the increase of Mr. Hyde's salary only. The evidence shows that President Alexander did not ask for an increase, but that Mr. Hyde did, and in order that his salary might be raised the advance in the president's salary was made necessary. It should be borne in mind that in addition to this salary which Mr. Hyde has been drawing from the Equitable Society he has been drawing a salary of \$12,000 from the Equitable Trust Company, \$2,500 from the Commercial Trust Company of Philadelphia, \$12,500 from the Mercantile Trust Company and \$1,000 from the Mercantile Safe Deposit Company, all told \$128,000 a year, although he has spent several months in each year in Europe.

in Europe.
"In passing it may not be inappropriate "In passing it may not be inappropriate to mention a little matter of directors' and committees' fees. Mr. McIntyre say he is a director in thirteen corporations. A director in the Equitable society who is on director in thirteen corporations. A director in the Equitable society who is on the executive committee receives \$25 for each meeting, of which there are three each week, amounting to \$3,900 a year. He is on other committees, which all told make his fees from the society \$4,480. His committee fees from six of the society's affiliated companies (three of them in the Equitable Building, and all in New York city), amount to \$3,960, making a total of \$8,440 from the society and its affiliated companies. The ordinary policyholder, I imagine, would consider this a pretty fair income.

"Mr. Hyde is a director in about fifty corporations, and if he attends to his duties as well as he represents, his committee and director fees would amount to many thousands of dollars per annum."

HYDE'S EXPENSE ACCOUNT.

Of other extravagances, the report says: "Mr. Hyde's expense account appears as ollows: 1900, \$7,176.82; 1901, \$6,971.89; 1902, \$2,588.24; 1903, \$20,517.09; 1904, \$15,285.70. These are several times larger than those of any other officer. He did not submit any itemized statements. These lump sums were paid on his vouchers. That seems to have been his practise, for when he gave the celebrated Cambon dinner he drew from the society's treasury \$12,800 to pay the bill with no other authority thanhis own.

"An examination of the society's pension list discloses the fact that Mrs. Hyde, mother of the vice-president, has been drawing a tension of \$25,000 a year since 1900. If Mr. Henry B. Hyde, who certainly worked hard to build up the society, had died poor or comparatively poor, possibly no objection should be raised to this pension. But it is generally understood that he left a large estate, and his son, James H. Hyde, from the evidence produced in this inquiry, has large holdings of valuable stocks and other securities. It does not appear clearly by whom this pension was authorized, nor is any reason given why it should be allowed. I doubt very much if the officers he bill with no other authority than his own allowed. I doubt very much if the officers of the society have any legal right to give away to Mrs. Hyde this money, which rightfully belongs to the policyholders.

LAWYERS GOT \$112,000 SO FAR THIS YEAR. "The following is a schedule of the fees paid attorneys in New York by the society

that proved to be so detrimental to the society's interests. He was cognizant of and approved the various subsidiary undertakings which we have criticised, and by reason thereof has failed to meet the obligations imposed upon him as chief officer of the society, and it is an open question whether he is not disqualified under section 35 of the insurance law from hereafter holding any office in a life insurance company, as well as all the other officers and directors who participated in these unlawful transactions.

MR. JAMES H. HYDE.

MR. JAMES H. HYDE. "Mr. Hyde, on the death of his father became the owner of 502 shares of Equitable "Mr. Hyde, on the death of his father, became the owner of 502 shares of Equitable society stock and acquired thirty-five additional shares, making a good working majority. He knew this, and others were quickly made aware of it. He did not hesitate to extract from the society's treasury \$352,500 for his stock in the Missouri Safe Deposit Company, made valuable only by the outrageous leases with the parent society. He permitted the society to lose heavily in its business transactions with the Commercial Trust Company, of which he is a salaried officer and a large stockholder. He was very active in promoting the transactions by which the present Equitable Trust Company was developed, and he thereby profited largely and became vice-president at a liberal salary. By reason of the Equitable society's control of the Mercantile Trust Company he became vice-president of the institution with a good salary. He has been accustomed to buy large amounts of securities and involve the society in other important ventures without authority. He has carried large holdings of the society's stocks in his own name. He exacted salaries out of all proportion to his age, ability or the value of his services, and caused those of his immediate friends and favorites to be unduly advanced.

"He is mainly responsible for the extrav-

"He is mainly responsible for the extravagant salaries allowed many executive officers. He has been accustomed to draw large sums for expenses on his own unlarge sums for expenses on his own unitemized vouchers. In fact, he has not seemed to consider himself accountable to any one for the expenditure of the society's funds. He introduced and conducted the syndicate transactions and involved others with himself. He forced himself on boards of direction, and into historiage relations. of direction and into business relations with prominent men by the aggressive assertion of his stock control of the Equitaassertion of his stock control of the Equitable society, and by those means he gradually assumed domination of the society's affairs until the presidency was reduced to a position of secondary importance. His authority continued to increase and he proceeded to use the society and its assets more and more as if they were his own, until he was checked by the demand for mutualization and his retirement. The policyholders are under great obligations to Mr. Alexander and the other executive officers for taking this step.

MR. GAGE. E. TARBELLE

MR. GAGE. E. TARBELL. "The following charges have been made against Mr. Tarbell by some of the other executive officers: "That he has been extravagant in the ad-

ministration of the agency department.

"That he has encouraged or connived at sand for new insurance in addition t regular percentage, without consulting the executive committee.

ceived from the society \$135,000 cash in settlement of his claim for commuted com-"That he encouraged insubordination by

1900.	1001	1902	1903.	1904.	1905.
\$27,200	\$27,200	\$15,200	\$15,200	\$43,200	\$43,200
15,000	15,000	24,000	24,000	24,000	24,000
20,000	20,000	20,000	20,000	20,000	20,000
		12,000	12,000		4 4 5 5
7,500	5,000	5,000	5.000	5,000	5,000
11111		100.00		10,000	25,000

The report gives a list of the thirty-six directors qualified by Hyde stock and the four qualified by Alexander and Jordan stock. The executive committee, Mr. Hen-dricks learned, "transacts all the important business of the society." Of its make-up

dricks learned. "transacts all the important business of the society." Of its make-up the report says:

"The executive committee for the years 1903 and 1904 were: James H. Hyde, chairman; James W. Alexander, William A. Wheelook, Chauncey M. Depew, Valentine P. Snyder, H. C. Deming, Thomas D. Jordan and George H. Squire.

"Of these, Mr. Alexander was drawing a salary of \$100.000 per annum; Mr. Depew a salary of \$20,000 per annum; Mr. Squire a salary of \$15.000 per annum; Mr. Squire a sala

alyzed and unable to do any work or busi-ness. On Feb. 16, 1906, after the internal dissensions had arisen, the board of di-rectors undertook to infuse some new blood rectors undertook to infuse some new blood into this committee and made it up as follows: James H. Hyde, chairman; James W. Alexander, Gage E. Tarbell, George T. Wilson, William H. McIntyre, Thomas D. Jordan, W. A. Wheelock, C. M. Depew, V. P. Snyder, H. C. Deming, A. W. Krech, H. C. Frick.

COMMITTEE DEPENDED ON HYDE. "The new men on the committee are Gage E. Tarbell, second vice-president and dependent on Mr. Hyde for his position; George T. Wilson, third vice-president and dependent on Mr. Hyde for his position; W. H. McIntyre, fourth vice-president and dependent on Mr. Hyde for his position; A. W. Krech, president of the Equitable Trust Company and dependent on Mr. Trust Company and dependent on Mr. Hyde for his position, for Mr. Hyde and the Equitable Society own a majority of its stock. H. C. Frick is the only man who on the record, is not under obligations to Mr. Hyde, and he is qualified by Hyde stock. He was chairman of the committee which submitted the Frick report and resigned from the board of directors immediately thereafter.

ately thereafter. * * *
"The board of directors at the beginning of this year was composed of prominent and distinguished men, who are successful in their various fields of activity. The mildest thing which can be said of them is that they were indifferent and careless in the discharge of their obligations and responsibilities."

Mr. Hendricks's conclusions are as followed. Mr. Hendricks's conclusions are as fol-

lows (the sub-headings are his own): MR. JAMES W. ALEXANDER.

"President Alexander has been connected with this society for almost a lifetime. He has heretofore had the respect and confidence of all who knew him. In his testimony he stated that he was not conscious of any wrongdoing, and that he was led to participate in the swedients toward. led to participate in the syndicate trans-

inducing executive officers and heads of de-partments and even clerks to sign a petition against the vice-president; and that he has been instrumental in circulating literature

been instrumental in circulating literature criticising and slandering certain officers of the society, in direct violation of a resolution of the executive committee.

"On these charges I find that in the year 1900 a new system was inaugurated, by which the percentage of first premiums on new latsiness allowed to agents was reduced from 30 to 50 per cent. This made it very difficult for the field agents to compete with those of other larger companies, who allowed their agents larger percentages, and therefore the agents larger percentages, and therefore the advances to them were increased in order that they might live and continue in the service of the society. I doubt if the increased advances amount to as much as 10 per cent. of the first premiums on new business saved, and therefore the society

is not a loser.

"Mr. Tarbell swears that he has not even connived at rebating, but that on the contrary he has always denounced and tried to stop it, and no evidence has been adduced in support of this allegation by those who

"Mr. Tarbell admits that during the last "Mr. Tarbell admits that during the last few months he has been allowing to agents four dollars per thousand on new insurance in addition to the regular percentage, and says this was done after consultation with and approval of the president. That may have been an error in judgment, but there is much excuse for Mr. Tarbell in striving to keep up the business of the society and retain its agents.

"It appears that the sum of \$135,000 paid."

"It appears that the sum of \$135,000 paid Mr. Tarbell was computed in the auditor's department as the amount due him for his commuted commissions and no evidence has been adduced showing that he was

overpaid.

"Mr. Tarbell denies that he was instru-mental in or encouraged the circulation of literature in criticism of other officers of the society, and no substantial evidence appears in support of this or the other charges referred against him.

INVESTMENTS.

"I think it important that the next Legis-lature should take into consideration the question of the investment of the funds of life insurance companies and establish a standard of investment. As to just how far or to what extent they should be refar or to what extent they should be restricted in their investments I am not prepared to offer an opinion at this time. Doubtless that question will be studied and thought out by the time of the next annual meeting of the Legislature. There can be no question, however, of the wisdom of prohibiting the investment of the funds of life insurance companies in subsidiary moneyed and business corporations controlled by life companies which occasion the carrying of large balances for the stockholders who are largely associated in the nanagement of the society.

"The suggestion that these large balances

in the management of the society.

"The suggestion that these large balances were carried for the purpose of enabling the society to avail itself of the opportunity to purchase securities at a low price is not sustained from the fact that large balances were carried during the years 1903 and 1904, when securities could have been purchased as a much lower level or the money loaned at much higher rates than were being raid by the affiliated com-

EXCHANGE DEPARTMENT-AEOLIAN HALL

For the Sale of

Exchanged Pianos and Pianolas

HE Exchange Department at Aeolian Hall is a permanent clearing-house for used pianos, Pianolas and Piano-piayers of other makes. Since the great May Sale of exchanged instruments, this process of exchanging old instruments for new has been steadily going on.

In view of the policy of liberal allowances for instruments offered in exchange, there has now been accumulated at Aeolian Hall an exceptional assortment which cannot fail to interest owners of summer homes as well as all intending buyers with whom economy is an object.

> Planos, \$90 and upwards Pianolas, \$150 and upwards Miscellaneous Plans-players as low as \$7 All purchaseble on moderate monthly payments.

The Aeolian Company's Exchange Department is of vital interest to two classes of persons: First, those already owning instruments who wish to exchange them for others of the latest type, and second, those who being without either a piano or Piano-player wish to secure the maximum value for their money.

Mail inquiries as to the allewance to be made on used instruments in exchange for the Metrostyle Plancia or Prancia Plane will receive prompt attention.

The Aeolian Company Acolian Hall, 362 6th Av., new York.

Also controlling the manufacture and sale of Wober, Steck, Wheelock, and Stuyvesant Pianes.

panies. It life insurance is to commend itself to the people to provide for those who are left behind, it is important that the business of the insurance companies be conducted on strictly business lines and that extravagance of management and large salaries should be reduced within proper limits.

THE SOCIETY'S CONTROL. During the progress of this investigation a change in the stock control of the society a change in the stock control of the society has been made, and three trustees have been empowered under a deed trust to partially mutualize the society; that is, it is provided that twenty-eight of the directors should be elected by the policyholders and twenty-four by the stockholders, with the promise that there would be a reduction in the expenses of the company, and that the managers would institute other reforms in the management of the society which in the management of the society which would inure to the benefit of the policy-holders. I do not question but this is the honest intention of those who have acquired the control of the stock of the society. I do not think, however, that this will go far toward restoring the confidence

society. I do not think, however, that this will go far toward restoring the confidence of the present policyholders or aid in procuring new business for the society. In my opinion the only thing that will restore that confidence and benefit the company will be the elimination of stock control, and, what I deem of equal importance, the elimination of Wall Street control.

"I early came to the opinion, and so expressed myself to the Legislature in the Department's annual report this year, that all the surplus accretions of this society beyond the 7 per cent. dividends on the stock belong to the policyholders. The charter provides that the business of the society should be conducted on the mutual plan, and provides that each policyholder shall be accredited with an equitable holder shall be accredited with an equitable share of the surplus. And I am con-firmed in my opinion by an examination of the statements that were made early in the existence of this society to the In-surance Department, verified under oath by the president of the society, that it was by the president of the society, that it was a purely mutual company and that all its surplus should be divided in an equitable manner among the policyholders, and still further by an examination of the affidavits made on behalf of the society to the Commissioner of Taxes and Assessments of the City of New York, containing the statement that no surplus earnings belong to the stockholders, and that all accumulations of the society are held for the benefit of the assured and are free from taxation.

of the assured and are free from taxation.

"No superficial measures will correct the existing evils in this society. A cancer cannot be cured by treating the symptoms. Complete mutualization with the elimination of the stock, to be paid for at a price only commensurate with its dividends, in the contraction of the stock of the

only commensurate with the driveness, is, in my opinion, the only sure measure of relief.

"This report, with a copy of the evidence taken on this investigation, will be transmitted to the Attorney General for such action thereon as he may deem proper."

HYDE'S CLERKS GET OUT.

One is Williamson, Who Drew \$7,200 Year-After Loan Department. Chairman Paul Morton of the Equitable

poard of directors took another step yes terday in his housecleaning when he accepted the resignations of several of the clerks who were employed in Mr. Hyde's office and who, it has been charged, rendered no service to the society, although they were carried on the Equitable payrolls. One of the men to go was Charles P

Williamson, who drew a salary of \$7,200 year from the Equitable as a secretary to Mr. Hyde. Mr. Hyde has maintained all along that Mr. Williamson was connected with the "foreign and domestic office of the company" in West Forty-first street, and that he earned every penny of the salary which the society paid him. The other clerks who have resigned

drew salaries, it was said, of between \$1,500 and \$3,000 a year. Their names were not made public, but it was said that there were three or four of them. Whether were three or lour of them. Whether their resignations were requested by Chairman Morton or whether they were tendered voluntarily was not stated, but the clerks understood well enough what the acceptance of Mr. Hyde's resignation on Tuesday meant for them.

Chairman Morton's accountants, it was acid westerday, are guilton particular as

Chairman Morton's accountants, it was said yesterday, are giving particular attention to the loan department, presided over by George H. Squire, and are investigating the commissions paid for loans in the last few years. The investigation of the loan department it was added, will be followed by another, which will have to do with the mortgage system of the Continental First Insurance Compound with which with the mortgage system of the Conti-nental Fire Insurance Company, with which Mr. Squire is familiar. It was even said

Cleanliness of person infers clean teeth of course. That's why well-groomed people use

SOZODON

LIQUID, POWDER OR PASTE.

that Mr. Squire's days are numbered as an employee of the Equitable society.

It was learned yesterday that James W. It was learned yesterday that James W. Alexander, now that he is out after having served as an executive officer for almost forty years, will probably resign also as a director. This will terminate his connection with the society. Mr. Hyde it was asserted yesterday, will not resign as a director. He would, one of his lawyers said, retain his position as a director "because he still has interests to protect."

Mr. Hyde was in the Equitable Building yesterday before noon but was in his office only for a few minutes. He attended a meeting of the executive committee of the board of directors of which he is chairman and presided. Mr. Morton later was asked whether Mr. Hyde would continue to be chairman of the committee.

whether Mr. Hyde would continue to be chairman of the committee.

"Temporarily," he replied.

He could not say how long Mr. Hyde would act in this capacity. No action was taken by Mr. Morton yesterday in regard to the resignations still before him. There are four of them, those of Gage E. Tarbell, George T. Wilson and William H. McIntyre as vice-presidents and that of Henry R. Winthrop as financial secretary. Mr. Tarbell was asked yesterday whether anything as vice-presidents and that of Henry R. Winthrop as financial secretary. Mr. Tarbell was asked vesterday whether anything had been done with his resignation.

"It hasn't been acted upon." said he.

"Do you think it will be accepted?" he was asked.

"No, I don't," was the reply.

Nothing was done vesterday in regard.

"No. I don't." was the reply.

Nothing was done yesterday in regard to the selection of successors to Hyde and Alexander. It was reported that the office of chairman of the board of directors and president would be merged into one, with Mr. Morton as the occupant, but this could not be confirmed. Mr. Morton refused yesterday to discuss his plan as announced in The Sun, to prosecute very officer and director of the institution who has made illegal profits through the use of onneer and director of the institution who has made illegal profits through the use of the policyholders' funds. The news created great anxiety among many of the directors yesterday, and efforts were being made all day at Chairman Morton's office without avail to ascertain now far he contemplated going in his investigation.

avail to ascertain now ar ne contemplated going in his investigation.

Mr. Hyde issued a statement yesterday in which he denied that he was going to Europe. He intended to stay here, he said, until the present situation, so far as he was concerned, was entirely cleared.

One hundred shares of Equitable Trust stock and thirty shares of Mercantile Trust was a superior of the Real Estate.

stock and thirty shares of Mercantile Trust were put up at auction at the Real Estate Exchange yesterday. Each block was bid in by the owner, the Equitable at 550 and the Mercantile at 950. Last week one block of Equitable Trust was bid in at 580 and another at 590 and a block of Mercantile at aso

James W. Alexander was reported last James W. Alexander was reported last night to be quietly resting at his daughter's house, 116 East Sixty-fifth street. As soon as his condition improves he will be taken to Onteora Park, Tannersville, N. Y. He was said last night to be slowly gaining strength, but it is still impossible for him to make the railway journey. to make the railway journey.

MAYER HINTS AT SUITS. Attorney-General Says That Faithless

Directors Can Be Made to Disgorge. Attorney-General Mayer arrived hers from Albany on the Empire State Express last night on his way to Washington, where he is to take up some matters with the Government regarding harbor improvement work at Buffalo. Mr. Mayer said that his trip had absolutely nothing to do with the Equitable, as a report from Albany had it. On the way down from Albany Mr. Mayer said that he had read some of Supt. Hendricks's report, but had not finished it.

"Until I have finished it," he said, "I do not want to talk about the matter. I exnot want to talk about the matter. I expect to be back here to-morrow night and then possibly I may be in a position to say something. All that I can say now is that the Attorney-General has the right to bring suit to compel those directors of the Equitable who are stockholders in subsidiary companies and have been faithless to their trust to make certification to the policy. trust to make restitution to the policy-holders of every cent they have made in this connection

Mr. Mayer was asked then how it was proposed to carry out Mr. Hendricks's rec-ommendations regarding the stock of the

equitable.

"Oh, that is another matter," he replied.

"I do not feel like discussing that phase of the question at this time."

Mr. Mayer went to the Republican Club.
He expects to return on the Congressional Limited to-day.

Limited to-day. EQUITABLE INQUIRY RULED OUT. Resolutions Providing for It Declared Out

of Order in the Senate and Assembly. ALBANY, June 21 .- In the Senate this afternoon Senator Marks (Tam.) tried to introduce the following resolution; but it

introduce the following resolution; but it was ruled out of order; as nothing could be brought up not outlined in the Governor's proclamation calling the special session;

Resolved, That a respectful message has sent to the Governor by the Senate requesting him to recommend for the consideration of the Legislature, convened in extraordinary session, either or both of the following subjects:

First—The necessity of an investigation of the affairs of the Equitable Life Assurance Society and the appointment of a legislative committee for that purpose.

Second—The necessity of the passage of laws for the further or better protection of holders of policies in insurance companies.

In the Assembly, Assemblyman Foelker In the Assembly, Assemblyman Foelker (Rep., Brooklyn) also tried to introduce an anti-Equitable resolution, but he was ruled out of order. He appealed from the decision of the Speaker, but the only one who your against the ruling was himself.